

20 September 1965

Dear Art:

Contract UT-846 with []
[] has been completed and is ready for final audit
and thereafter settlement. I am enclosing a package of papers which
I believe is self-explanatory.

[] the head of the financial department []
feels that there is sufficient information now available to permit
agreement on 1964 and 1965 overhead rates to permit closing out
Contract UT-846.

I would like to suggest that you arrange for someone to visit []
perform the final audit and reach a general agreement on rates that
would be satisfactory for closing out the contract. I don't know
whether you consider my presence [] necessary for the negotiation
of the overhead rates. Perhaps whoever goes there could reach a
provisional understanding with [] and then call me for
confirmation of the rates.

Following agreement of the rates and final audit the Contractor will
submit a final billing and release. Please keep in mind that James
[] is the only cleared and briefed individual [] outside
of the General Manager. [] can be reached on telephone number
[] I suggest you call him direct to arrange for the audit
at which time you can use by name or if you prefer I will be glad to call
[] whenever you indicate you can visit []

Sincerely,


Art

Attachment: a/s

September 9, 1965

Dear Art:

A pre-closeout review has been conducted and I believe our papers are in order in connection with Contract UT-846.

A patent statement, in duplicate, is enclosed for your use.

A review of the job indicates that there is no residual inventory.

Enclosed is a copy of the Exhibit A given to us by the DCAA Auditor (formerly Air Force Auditor) in connection with the audit of 1964 overhead costs in preparation for the Tri-Services CPFF overhead rate negotiations later this year. No other printed references from the DCAA audit report have been made available by the auditor and he chooses not to show us his precise words. By referring to page 3 of the Exhibit A, you will note that there is very little difference in any of the rates originally proposed by the Contractor and the Auditor except for the General & Administrative expense rate. The two largest items contained under Amounts Questioned are a set aside of the total Defense Programs Department expenses which the Auditor put in this category temporarily, because the audits of those two organizations have not been completed. Based on a review of all the facts, I believe we have sufficient information available on which to arrive at 1964 overhead rates for use on this contract.

In reviewing actual experience on overhead rates for the first half of the year, and forecasting probable results for the remainder of 1965, we submitted information to the DCAA Auditor and the local Air Force ACO. A copy of the letter to the ACO, dated August 18, 1965, is enclosed for your use. Again, I believe we have sufficient information available on which to arrive at 1965 overhead rates for use on this contract.

I assume you will furnish this information concerning overhead rates to your auditor.

After audit and final agreement, we will issue the appropriate final billing.

I've also enclosed the acknowledgement of the pouch manifest from your last communication.

Very truly yours,

Jim